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**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

9 4 — 0 3 3

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

November 1, 1994

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 1994 \$ -0-
b. FFY 1995 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19D, Sec. IV, pp. 24, 24a, 24b.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Att. 4.19D, Sec. IV, p. 24.

10. SUBJECT OF AMENDMENT:

Continuous Quality Improvement Program - Class I and Class III

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Gerald H. Miller

14. TITLE:

Director

15. DATE SUBMITTED:

December 22, 1994

16. RETURN TO:

Michigan Dept. of Social Services
235 S. Cesar Chavez Avenue
P.O. Box 30037
Lansing, Michigan 48909

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

December 28, 1994

18. DATE APPROVED:

6/6/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

11-1-94

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE:

Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of Michigan

POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG TERM CARE FACILITIES)

- b. For "new" owners, who purchase a facility that qualifies for less than two quality of care incentive groups at the time of purchase, the quality of care incentive component will be equal to 50 percent of the quality of care incentive portion if the provider meets the criteria for new owner status. This provision is effective for purchase periods beginning on or after April 1, 1988.

New owner status may be established by request of a purchaser who provides written evidence to prove fulfillment of each of the following requirements: 1) the facility was purchased through a bona fide arm's length transaction; 2) the purchase transaction resulted in the issuance of a new federal employer identification number; and 3) the applicant has been issued a new license by the Michigan Department of Public Health to operate the facility.

4. The Incentive Component is the sum of the volume incentive component and the quality of care incentive component.

Continuous Quality Improvement Program: Initial Period
11-1-94 through 11-30-96

1. **Program Description**

Purpose: CQIP will focus on enhancing quality of life for facility residents. The provider must develop a continuous quality improvement program that is resident centered, and includes an interdisciplinary team approach to meeting needs identified by residents. The interdisciplinary team will assess how best to enhance resident choices and relationships. They must design, implement, and evaluate their plan for accomplishing those goals. At least one CQIP must be completed every 12 months. Specificity on the measurement and evaluation of incentive criteria is established in provider publications.

Overview: To qualify for the CQIP incentive payment, a provider must develop an ongoing, continuous quality improvement program involving the collaborative effort of a team of interested parties, including residents, families, staff, governing board members, community members and others, as appropriate.

The CQIP Team will identify specific areas where improvement is desired in order to enhance residents' quality of life within two broad categories -- "Choices" and/or "Relationships."

2. **Initial Eligibility**

Class I and Class III providers are eligible. Providers who wish to participate **must** submit an application no later than December 1, 1994. Providers who do not participate in this program will have **both** the volume and quality of care portions of the incentive **removed from their rate effective January 1, 1995.**

3. **Payment Calculation and Phase-In Period: November 1, 1994, to November 30, 1996**

The **phase in period** has a hold harmless provision for providers who participate. LTC (long term care) providers who earned a payment of less than 50% of the quality of care portion will be raised to the level

of 50% during the phase-in period. When the phase-in period ends November 30, 1996, the hold harmless provision will expire. During the phase-in period new providers and new owners will have

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MAY 15 2001

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Supersedes TN No. 90-34

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their payment calculated in accordance with existing policy on page 20 of Long Term Care Bulletin 94-11. The phase-in period ends November 30, 1996, and full implementation of CQIP will occur on December 1, 1996.

Calculation of the incentive payment during the phase-in period will be done using the former Quality of Care/Volume Incentive method as described in Attachment 4.19D, section IV, page 22 of the State Plan. During phase-in the quality of care portion of the incentive payment will remain at the percentage earned based on the **last survey prior to November 1, 1994**, unless the provider was receiving less than 50%. (The methodology for determining the volume portion of the incentive payment will be the same as under the former program.)

4. **Evaluation and Reporting**

Providers who choose to participate **must** provide the Medical Services Administration (MSA) with periodic reporting. These periodic reports from the facility must describe their Quality Improvement process and the Quality of Life projects. An interim report must be provided by April 30, 1995, and a Final Report by November 30, 1995. If the report is not filed the incentive amount will be removed from the provider's rate, effective June 1, 1995 for the interim report and effective January 1, 1996 for the Final Report. Providers may appeal the rate removal determination through the normal MSA appeals process. The appeals process is described in Attachment 4.19D, Section VIII, pages 1-8 of the State Plan. MSA will periodically compile a best practices report for CQIP to be distributed to the provider community.

Continuous Quality Improvement Program: Full Implementation
Rate years beginning on or after 12-1-96

1. **Full Implementation of CQIP**

Full implementation of CQIP will be effective with rate periods beginning on or after December 1, 1996. At that time providers will have to **earn** the incentive to receive any payment. A determination of the percentage of compliance with CQIP requirements will be made. Compliance will be determined in 25% increments from zero to 100%. Specificity on the measurement and evaluation of incentive criteria is established in provider publications. Providers may appeal the determination through the normal MSA appeals process. The appeals process is described in Attachment 4.19D, Section VIII, pages 1-8 of the State Plan.

2. **Payment After the Phase In Period**

Class I Providers: For rate periods beginning on or after December 1, 1996, payment will be at 3.23% of the provider's variable cost component or the variable cost limit, whichever is less, times the CQIP percentage. The percentage of payment will be based on the most current survey results of the CQIP.

Class III Providers: For rate periods beginning on or after December 1, 1996, payment will be at 4.73% of the provider's variable cost component or the Class I variable cost limit, whichever is less, times the CQIP percentage. The percentage of payment will be based on the most current survey results of the CQIP.

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E. Excellence Recognition Program

An excellence award program will begin October 1, 1991. Facilities may submit applications documenting the excellence of care provided and innovations in care delivery. Applications will be reviewed by an expert panel. The panel will include representative family members, advocates, providers, and appropriate state agencies. Recognition will be made once a year based on review of submitted applications. A monetary award of up to \$10,000 may accompany recognition. The monetary award will not be considered an offset to allowable costs.

F. Husband and Wife Exception

Whenever a husband and wife (or blood relatives) are being cared for in the same facility, they are permitted to share a room, unless medically contraindicated (as documented by the attending physician in the patient's medical record). If either requires nursing care, the facility will receive reimbursement at the nursing level-of-care rate for both clients. This policy shall be in effect in regard to long-term nursing care and other levels of residential care in facilities with both nursing care and residential units.

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